

MINUTES
ROCKFORD FIREFIGHTERS' PENSION FUND
June 18, 2015

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Thursday, June 18, 2015, at 3:00 p.m. on the second floor of the Fire Department Administrative Building at 204 S. First Street, Rockford, Illinois, pursuant to notice.

CALL TO ORDER

The meeting was called to order at 3:00 p.m. Upon a call of the roll, the following answered:

ATTENDED: Alan Granite, President
Michael White, Trustee

Tracy Renfro, Trustee
Brian Carlson, Secretary

STAFF: Linda Wlaznik, Pension Investment Accountant Judi Yehling, Recording Secretary

ABSENT: Chris Black, Trustee/City Finance Director

GUESTS: Attorney Carolyn Clifford, Ottosen Britz
Mark Flint, Brandes Investment Trust

Mike Piotrowski, Marquette Associates

I. PUBLIC COMMENT -- None

II. MINUTES

- The May 21, 2015, minutes of the regular meeting were presented. Michael White made a motion to approve the minutes as presented and Tracy Renfro seconded the motion. Upon a voice vote, the motion passed.

III. APPROVAL OF APPLICATIONS/PENSION CHANGES

- Dario Ingardona and Jason Keast turn 18 on June 10th and June 27th, 2015, respectively and are no longer eligible for a dependent's pension.

Brian Carlson made a motion, seconded by Tracy Renfro, to terminate the dependent pensions of Dario Ingardona and Jason Keast. A roll call vote was taken:

Ayes: Alan Granite Tracy Renfro
Michael White Brian Carlson
Nays: None
Absent: Chris Black

IV. DISBURSEMENTS

- Brian Carlson made a motion to approve the June payroll of \$1,353,616.76. Michael White seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Tracy Renfro
Michael White Brian Carlson
Nays: None
Absent: Chris Black

- Invoices totaling \$46,417.77 as shown in the warrant packet. A motion was made by Alan Granite, and seconded by Michael White, to pay the invoices as presented in the warrant packet. A roll call vote was taken:

Ayes: Alan Granite Tracy Renfro
Michael White Brian Carlson
Nays: None
Absent: Chris Black

IV. CASH & INVESTMENTS

- Mark Flint of Brandes Investment Trust presented their annual review report for 2014:
 - Brandes is an independently owned international small cap manager who celebrated their 40th anniversary in 2014, who has \$27.9 billion under management. They have 25 research analysts with 15 support personnel. A four-member investment team reviews the analysts' recommendations and looks at the value of the company and long term prognosis.
 - Brandes believes the benefits of international small cap stocks are tied to their long-term returns and this asset class is a "big pond with few fishermen" with 7,000 small cap companies. According to Brandes only 20% of fund managers focus on the small cap international companies but Brandes provides in depth coverage using a bottom up philosophy.
 - Looking at page 8 of the report, value outperformed growth in all but 4 of the last 20 years; and page 16 shows that Brandes has done well over the long term versus the benchmark. Per Flint overall returns have been flat from early May 2014 to the present and it's been "quite a ride." Europe is out of favor but year to date the market has seemed to come back but performance is still neutral. Although volatility has been higher than normal, Brandes is "positioned to do well."
 - Page 13 outlines how Brandes differentiates itself from the benchmark showing the markets in which they are overweight and underweight versus the benchmark. They look where they can find value and avoid the expensive stocks, hoping to add value on the downside. Brandes has a 22% allocation to Japan which they find really attractive as the second largest small cap equity market; the outlook continues to improve as the economy improves as they place more focus on the shareholders. Although invested more heavily in emerging markets their holdings have gone down. Those areas in which they are underweight or have no exposure, like energy, are tied to growth in China which has caused higher share prices and consequently not a lot of value.
 - Beginning on page 29 is a comparison of the international small cap market versus the U.S. small cap market. As an asset class international small cap presents more opportunities and Brandes has been 10.1% positive for the year.
- Mike Piotrowski presented Marquette Associates' Flash Report as of May 31, 2015:
 - As of May 31, 2015, the Fund had total assets of \$155.3 million and is positive territory in all major asset classes for the year.
 - May has been "an interesting month" with a return of 20 basis points for the month. Growth has improved but there is a lot of volatility given the events in Greece and the European markets. The fund is positive 3.1% YTD and "on pace" for the actuarial rate of return.
 - There have been no material changes in the Fund and Marquette will continue to monitor Manning and Napier who is improving. They will also re-evaluate the status of PIMCO, who is

on alert, in July. Looking back, Brandes may have been added to the portfolio a little early but they have the potential to become the best performing asset class in Marquette's opinion.

- There are no cash needs for the month due to property tax receipts.
 - Records of purchases and sales were distributed.
- Alan Granite made a motion, seconded by Brian Carlson, to approve the purchases and sales for the month. A roll call vote was taken:

Ayes: Alan Granite Tracy Renfro
 Michael White Brian Carlson
Nays: None
Absent: Chris Black

V. OLD BUSINESS

- Linda Wlaznik reported that the DOI audit has been concluded.
- Attorney Clifford reported that the McCallips' disability hearing has been scheduled for June 30th at 9:00 a.m. McCallips' attorney has asked for a second witness but she believes the hearing will still be done by 1:00 p.m. All the packets have been handed out and the attorney has no objections to the exhibit.
- Attorney Clifford indicated that the rules update would be postponed until the July or August meeting. Linda Wlaznik continues to work on the form revisions.

VI. NEW BUSINESS

- The update from Mesirow Financial for the Fund's Fiduciary Liability Insurance coverage for July 1, 2015, to July 1, 2016, was presented to the Board. There were no changes in cost or coverage. The recommendation from Mesirow is to stay with Chubb. Michael White made a motion, seconded by Tracy Renfro, to renew the Fiduciary Liability Insurance for an annual premium of \$18,100. A roll call vote was taken:

Ayes: Alan Granite Tracy Renfro
 Michael White Brian Carlson
Nays: None
Absent: Chris Black

- Every six months the Board is required to review the minutes of any closed session and what, if any audio tapes are eligible for destruction. Attorney Clifford's advice was that it is prudent to keep all minutes closed but the tapes from Fitz's disability hearing can be destroyed after 18 months. Brian Carlson made a motion, seconded by Tracy Renfro, for all closed session minutes to remain closed. A roll call vote was taken:

Ayes: Alan Granite Tracy Renfro
 Michael White Brian Carlson
Nays: None
Absent: Chris Black

- Attorney Clifford passed out a copy of the disabled child memo concerning pensions, and it was agreed that a copy would be forwarded to Firefighter Syzplik.

- Attorney Clifford provided the Board with some legal updates concerning a panel discussion at a conference in Austin, Texas, on PTSD and disability claims. She highlighted the fact that there was a reported spike in claims in Ohio and Colorado and went over some of the statistics on PTSD and filings for duty disability benefits citing PTSD as the cause. She stated that problems can be avoided with good screening procedures. She also provided a summary of every fire and police case stating that it is hard to prove the job as a cause of mental disability.
- Training:
 - The IPPFA training conference is October 6-9, 2015, in Lake Geneva, Wisconsin. The deadline to register with a discount is August 1st.

VII. CLOSED MEETING – None required.

VIII. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 4:00 p.m.

Next regular meeting is July 16, 2015, at 3:00 p.m.

Signed:

Prepared by:



Brian Carlson, Secretary

7-16-15

Date

Judith Yehling, Recording Secretary

Date

Approved by the Board of Trustees at its July 16, 2015, meeting.